

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**LAKSHMI MACHINE WORKS LIMITED  
(TRANSFEROR COMPANY)**

**AND**

**LMW AEROSPACE INDUSTRIES LIMITED  
(TRANSFeree COMPANY)**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS  
(UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013)**

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**I. PREAMBLE**

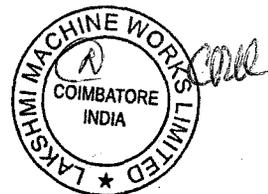
The Scheme (as defined hereinafter) is presented pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, for the transfer of the Advanced Technology Centre (“ATC”) business undertaking (as defined hereinafter) of the Transferor Company (as defined hereinafter) and vesting of the same with the Transferee Company (as defined hereinafter), on a going concern by way of a slump sale.

Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

**II. DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THE SCHEME OF ARRANGEMENT**

**a) Lakshmi Machine Works Limited (“LMW”) or Transferor Company**

1. Lakshmi Machine Works Limited (“LMW” or “Transferor Company”) is a public limited company incorporated under the provisions of Companies Act, 1956 and having its registered office at SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore, Tamil Nadu - 641 020.



2. The corporate office of the Transferor Company is situated at 34-A, Kamaraj Road, Coimbatore, Tamil Nadu – 641 018
3. The equity shares of the Transferor Company are listed on the BSE Limited and the National Stock Exchange of India Limited (together the “Stock Exchanges”).
4. The Transferor Company operates in the business verticals of Textile Machinery Division, Machine Tool Division, Foundry Division and Advanced Technology Centre.

**b) LMW Aerospace Industries Limited (“Transferee Company”)**

1. LMW Aerospace Industries Limited (“LAS” or “Transferee Company”) is a public limited company incorporated under the provisions of Companies Act, 2013 and having its registered office at SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore, Tamil Nadu - 641 020.
2. The corporate Office of the Transferee Company is situated at 34-A, Kamaraj Road, Coimbatore, Tamil Nadu – 641 018.
3. The transferee Company is an unlisted Public Limited Company and is wholly owned subsidiary Company of the Transferor Company.
4. The transferee Company is yet to commence operations in the intended Aerospace business vertical.

**III. RATIONALE AND BENEFITS OF THE SCHEME**

1. Presently, the business verticals of Transferor Company viz. Textile Machinery Division, Machine Tool Division, Foundry Division and Advanced Technology Centre (“ATC”) are operated by the Transferor Company under a single entity.
2. The ATC business undertaking of the Transferor Company has different capital, operating and regulatory requirements from the rest of the business verticals. Further, the Transferor Company is also desirous of scaling up the business operations within Aerospace industry.



3. The Transferee Company is a wholly owned subsidiary of the Transferor Company and the Transferor Company believes that it would be beneficial to restructure its business by divesting the ATC business undertaking into a separate legal entity with sharper and dedicated focus on the aerospace business so as to achieve greater operational efficiencies and cost optimization.

#### IV. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- PART A** - Definitions and Share Capital;  
**PART B** - Transfer of the ATC business undertaking of the Transferor Company to the Transferee Company; and  
**PART C** - General Terms and Conditions.

#### PART A

##### 1. DEFINITIONS

In the Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 1.1. "Act" means the Companies Act, 2013, the rules and regulations made thereunder and will include any statutory modification or re-enactment thereof for the time being in force;
- 1.2. "Applicable Law(s)" means any statute, law, ordinance, rule, regulation, press note, notification, circular, order, writ, injunction, directive, judgment or decree issued by any governmental authority and/or any other authority exercising jurisdiction over the Companies;
- 1.3. "Appointed Date" for the purpose of this scheme shall mean 1<sup>st</sup> of April, 2022 or such other date as may be approved by the NCLT or such other competent authority;
- 1.4. "Asset(s)" mean(s) and include(s) all fixed, movable, intangible, financial, non-financial assets and rights of every kind, nature, character and description of whatsoever nature and wheresoever situated and pertaining to the ATC business undertaking as on the Appointed Date;



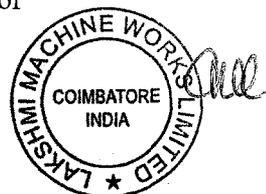
1.5. "ATC business undertaking" means the Advanced Technology Centre ("ATC") of the Transferor Company which makes structural, sheet metal, and engine components and sub-assemblies for leading Original Equipment Manufacturers in the aerospace business in India and abroad, and includes:

1.5.1. All assets and liabilities pertaining to the ATC business undertaking as on the Appointed Date.

1.5.2. Without prejudice to the generality of the provisions of the clause 1.5.1 above, the ATC business undertaking shall include without limitations the following:

(a) All assets (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts, and all other rights, title, interests, privileges and benefits of every kind, wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by Transferor Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the ATC business undertaking of the Transferor Company;

(b) All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, instruments of whatsoever nature to which Transferor Company is a party, relating to its ATC business undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the ATC business undertaking of the Transferor Company;

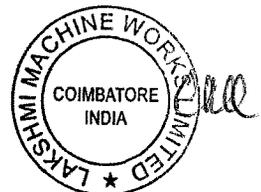


- (c) All other interests or rights (including claims, arbitration awards, etc.) or accumulated experience and performance qualifications, including financial, technical and other qualifications, in or arising out of or relating to the ATC business together with all intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, designs, logos, goodwill patents including other industrial and intellectual properties used or held for use by Transferor Company in the business, activities and operations pertaining to its ATC business undertaking;
- (d) All permits, registrations, licenses, including regulatory accreditations, relevant insurance policies, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Company in relation to or pertaining to its ATC business undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Transferor Company in respect of business, activities and operations pertaining to its ATC business undertaking, including but not limited to as specified in “Annexure A” to this Scheme;
- (e) All tax credits, including CENVAT credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), goods and services tax or any other duty or tax or cess or imposts under any Central or State law, tax deducted at source and exemptions, deductions, benefits and incentives under the Income-tax Act, 1961 in respect of business, activities and operations pertaining to the ATC business undertaking of the Transferor Company; all rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership



possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, whether in India or abroad, all pertaining to or relatable to the ATC business undertaking of the Transferor Company;

- (f) All such employees including contract employees as are primarily engaged in or in relation to the business activities and operations pertaining to the ATC business undertaking at the respective offices, branches, etc, and any other employees/personnel hired on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to the ATC business undertaking of the Transferor Company;
- (g) All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or un-known, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the ATC business undertaking of the Transferor Company;
- (h) All legal (whether civil, criminal or taxation related) or other proceedings or investigations of whatsoever nature (including those before any Governmental Authority) initiated by or against Transferor Company or proceedings or investigations to which Transferor Company is party to, that pertain to the ATC business, if so ascertainable, whether pending/ongoing as on the Appointed Date or which may be instituted any time in the future;
- (i) All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes, computer software along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, pertaining to the ATC business; and



- (j) Any question that may arise as to whether a specific asset or liability or any other property or employee, including an unallocated asset or liability, pertains or does not pertain to the ATC business undertaking of the Transferor Company or whether it arises out of the activities or operations of the ATC business undertaking of the Transferor Company shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company respectively.
- 1.6. **"Board" or "Boards" or "Board of Directors"** means the board of directors of the respective Companies and shall, unless repugnant to the context, include a committee of directors or any person authorized by the Board or such committee of directors;
- 1.7. **"Board Approval Date"** means the later of the dates on which the Board of the Transferor Company and the Transferee Company respectively approve the Scheme;
- 1.8. **"Companies"** means the Transferor Company and the Transferee Company collectively;
- 1.9. **"Effective Date"** means the last of the dates on which the certified copy of the order of the National Company Law Tribunal sanctioning this Scheme is filed with the Registrar of Companies, Coimbatore by the Companies as per terms of Section 232(3) of the Companies Act, 2013. Any reference in the Scheme to **"upon the Scheme becoming effective"** or **"effectiveness of the Scheme"** shall be a reference to the Effective Date;
- 1.10. **"Liability(ies)"** means all debts, liabilities and obligations of every kind, nature and description, whether accrued or not, known or unknown, absolute or contingent, matured or un-matured, determined or determinable, attributable to and/ or arising out of the activities or operations of the ATC business undertaking, as on the Appointed Date, and includes, without limitation, all such debts, liabilities and obligations of the Transferor Company, pertaining to the ATC business undertaking, which (i) pertain to a period prior to the Appointed Date but may arise after the Appointed Date; and/or (ii) may have arisen prior to the Appointed Date but remain outstanding as on the Appointed Date or which are continuing as on the Appointed Date;



- 1.11. **"NCLT"** means the bench of the National Company Law Tribunal at Chennai, Tamil Nadu and shall include, if applicable, such other forum or authority as may be vested with the powers of the NCLT under the Act;
- 1.12. **"Net Asset Value"** means the aggregate book value of Assets minus the aggregate book value of Liabilities;
- 1.13. **"Remaining Business"** means all the undertakings, businesses, activities and operations of the Transferor Company, but excluding the ATC business undertaking as defined in clause 1.5 above;
- 1.14. **"Scheme"** means the Scheme of Arrangement in its present form, or with any modification(s), as may be approved or directed by the NCLT;
- 1.15. **"SEBI"** means Securities and Exchange Board of India;
- 1.16. **"SEBI Circular"** means, together, the circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time and master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, each issued by SEBI under applicable regulations ;
- 1.17. **"SEBI (LODR)"** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.18. **"Stock Exchanges"** means the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE");
- 1.19. **"Tax" or "Taxes" or "Taxation"** means all forms of taxes (whether direct or indirect) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Transferor Company and the Transferee Company and all penalties, charges, costs and interest relating thereto;
- 1.20. **"Transferee Company"** means LMW Aerospace Industries Limited, a public limited company incorporated under the provisions of the Companies Act, 2013 and having its registered office situated at SRK Vidyalaya Post,



Perianaickenpalayam, Coimbatore, Tamil Nadu - 641 020;

- 1.21. **"Transferor Company"** means Lakshmi Machine Works Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated at SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore, Tamil Nadu - 641 020;
- 1.22. **"Valuation Date"** means 31<sup>st</sup> December, 2020; and
- 1.23. All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.
- 1.24. The Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

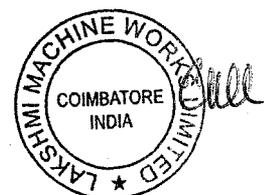
## 2. CAPITAL STRUCTURE

### 2.1. TRANSFEROR COMPANY

- 2.1.1. The authorized, issued, subscribed and fully paid-up share capital of the Transferor Company as on date of approval of the Scheme by the Board is as under:

Share Capital	Amount in Rs.
<b>Authorized share capital</b>	
5,00,00,000 equity shares of Rs. 10 each	50,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
<b>Issued, subscribed and paid-up capital</b>	
1,06,83,000 equity shares of Rs. 10 each, fully paid up	10,68,30,000
<b>Total</b>	<b>10,68,30,000</b>

The shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited.



## 2.2. TRANSFEREE COMPANY

2.2.1. The authorized, issue, subscribed and fully paid-up share capital of the Transferee Company as on date of approval of the Scheme by the Board is as under:

Share Capital	Amount in Rs.
<b>Authorized share capital</b>	
25,00,000 equity shares of Rs. 10 each	2,50,00,000
<b>Total</b>	<b>2,50,00,000</b>
<b>Issued, subscribed and paid-up capital</b>	
25,00,000 equity shares of Rs. 10 each, fully paid up	2,50,00,000
<b>Total</b>	<b>2,50,00,000</b>

As on the date of Board Approval to the Scheme, the entire share capital of the Transferee Company is held by the Transferor Company along with its nominees.

## PART B

### TRANSFER OF THE ATC BUSINESS UNDERTAKING OF THE TRANSFEROR COMPANY TO THE TRANSFEREE COMPANY BY WAY OF SLUMP SALE ON A GOING CONCERN BASIS

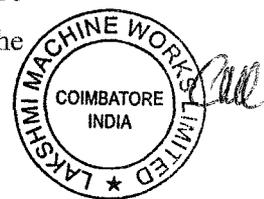
## 3. TRANSFER AND VESTING OF THE ATC BUSINESS UNDERTAKING

3.1. With effect from the Appointed Date of the Scheme and on the Scheme becoming effective, pursuant to the provisions of Sections 230 to 232 and all other provisions of the Act, the ATC business undertaking, as defined in Clause 1.5 shall stand transferred to and vested into the Transferee Company, by way of a slump sale, as a going concern on an "as-is-where-is" basis and on such terms and conditions, or in any other manner, as may be mutually agreed between the Board of Directors of the Transferor Company and the Transferee Company without values being assigned to the individual assets and liabilities, as an inseparable whole, as detailed in clauses 4 and 5 below.



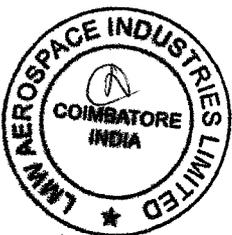
#### 4. TRANSFER OF ASSETS

- 4.1. Upon the Scheme becoming effective and with effect from the Appointed Date, all assets relating to the ATC business undertaking, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this Clause 4.1 shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly. The investments, if any held by the ATC business undertaking in dematerialized form will be transferred to the Transferee Company by issuing appropriate delivery instructions to the depository participant with whom the Transferor Company has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of the Transferor Company and the Transferee Company, being a date after the Effective Date.
- 4.2. Upon the Scheme becoming effective and with effect from the Appointed Date, all movable assets of the Transferor Company relating to the ATC business undertaking, other than those specified in Clause 4.1 above, including intangible assets, actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested in as the property of the Transferee Company. The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover or realise the same is in substitution of the right of the Transferor Company and that appropriate entry should be passed in its respective books to record the aforesaid charges. Any document of title pertaining to the assets of the ATC business undertaking shall also be deemed to have been mutated and recorded as titles of the Transferee Company to the same extent and manner as originally held by the Transferor Company to the end and intent that all the ownership, right, title and interest so vesting in the Transferee Company will be such as if the Transferee Company was originally the Transferor Company. The



Transferee Company shall be entitled to the delivery and possession of all documents of title including all related documents of all such movable assets pertaining to the ATC business undertaking.

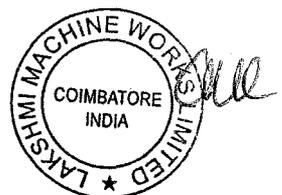
- 4.3. All intellectual property including registrations, licenses, trademarks, logos, service marks, copyrights, domain names, trade names, and applications relating thereto, goodwill, intangibles, know how, trade secrets or any other property of like nature, pertaining to the ATC business undertaking (specifically excluding such intellectual property rights as may be identified by the Board of the Transferor Company), if any, shall stand vested in the Transferee Company without any further act, instrument or deed.
- 4.4. The work experience, qualifications, capabilities, logistics, turnover record and track record with National & International Companies, Central and State Government / Non-Government agencies / bodies, contracts with clients and with vendors (including technical parameters, past performance, track record, financials, etc.) of the Transferor Company acquired by reason of completion of various projects and works pertaining to the ATC business undertaking and certificates of completion of projects and works pertaining to ATC business undertaking issued by clients of the Transferor Company shall be deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience, qualifications, capabilities, logistics, turnover record and track record (including technical parameters, past performance, track record, financials, etc.) and certificates of completion of the Transferee Company.
- 4.5. Upon the Scheme becoming effective and with effect from the Appointed Date, in relation to Assets, if any, belonging to the ATC business undertaking, which require separate documents for vesting in the Transferee Company, or which the Transferor Company and/ or the Transferee Company otherwise desire to be vested separately, the Transferor Company and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 4.6. It is hereby clarified that, unless expressly provided for herein, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement in relation to the concerned Assets, in order to give effect to the provisions of this Clause 4.



- 4.7. All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Transferor Company (in relation to its ATC business undertaking) after the Effective Date shall be accepted by the banker(s) of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company or received through electronic transfers. Similarly, the banker(s) of the Transferee Company shall honour all cheques/electronic fund transfer instructions issued by the Transferor Company (in relation to its ATC business undertaking) for payment after the Effective Date.
- 4.8. It is hereby clarified that if any asset (including but not limited to any estate, rights, title, interest in or authorities relating to such assets) in relation to the ATC business undertaking which the Transferor Company owns, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such asset in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.

## 5. TRANSFER OF LIABILITIES

- 5.1. Upon the Scheme becoming effective and with effect from the Appointed Date, all Liabilities pertaining to the ATC business undertaking shall stand transferred, or be deemed to have been transferred to the Transferee Company so as to become from the Appointed Date, the liabilities of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same.
- 5.2. All Liabilities pertaining to the ATC business undertaking, including those which are incurred or which arise or accrue on or after the Appointed Date but prior to the Effective Date, shall, without any further act, instrument or deed, be transferred to and vested into as the liabilities of the Transferee Company and the same shall be assumed by the Transferee Company and to the extent they are outstanding on the Effective Date on the same terms and conditions as were applicable to the Transferor Company and the Transferee Company alone shall meet, discharge and satisfy the same.



- 5.3. Any Liabilities pertaining to the ATC business undertaking as on the Appointed Date that are discharged by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to have been discharged for and on account of the Transferee Company.
- 5.4. The transfer and vesting of the ATC business undertaking, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof.

Provided that in so far as the assets comprised in the ATC business undertaking are concerned, the security and charge over such assets relating to any loans or liabilities pertaining to the Remaining Business shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such loans or liabilities.

Provided further that in so far as the assets comprised in the Remaining Business are concerned, the security over such assets relating to the loans, borrowings, debts and financial assistance pertaining to the ATC business undertaking shall, without further act, instrument or deed, along with any guarantees, indemnities, or undertakings provided by the Transferor Company in relation to the ATC business undertaking, be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, Transferee Company undertakes to meet, discharge and satisfy the loans, borrowings, debts and financial assistance pertaining to the ATC business undertaking transferred to it.

- 5.5. It is hereby clarified that, unless expressly provided for herein, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which any liability has arisen in order to give effect to the provisions of this Clause 5.
- 5.6. The vesting of the ATC business undertaking as aforesaid, shall be free from any lien, encumbrance, security, charge, hypothecation, interest, claim, pledge or mortgage.
- 5.7. The provisions of this Clause 5 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions.



**6. CONTRACTS, DEEDS ETC.**

- 6.1. On the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, all in relation to or in connection with the ATC business undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.
- 6.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the ATC business undertaking of the Transferor Company in the Transferee Company occurs by virtue of the order of the NCLT approving this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in furtherance to this Scheme coming into effect. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.
- 6.3. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the ATC business undertaking shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same

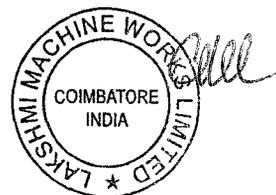


shall be available to the Transferee Company. The Transferee Company shall obtain relevant approvals from the concerned Governmental Authority, as may be necessary in this behalf.

- 6.4. After this Scheme becomes effective, the Transferee Company shall, in its own right, be entitled to realise all monies, perform obligations and complete and enforce all pending contracts and transactions in respect of the ATC business undertaking.
- 6.5. Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the ATC business undertaking which the Transferor Company owns or to which Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever, Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.

## 7. CONSIDERATION

- 7.1. The Transferor Company and the Transferee Company agree that the total lump sum consideration payable by the Transferee Company to the Transferor Company for the purchase of ATC business undertaking shall be the Purchase Consideration. The Purchase Consideration shall mean INR 90,88,00,000 (INR Ninety Crore Eighty Eight Lakhs Only) as adjusted by the increase/(decrease) in the Net Asset Value of the ATC business undertaking from the Valuation Date till the Appointed Date ("**Purchase Consideration**").
- 7.2. The Purchase Consideration shall be discharged by the Transferee Company by issue and allotment of Compulsorily Convertible Debentures ("CCDs") on the terms and conditions as set out in "**Annexure B**" to this Scheme. Any fractional entitlement arising out of the issue and allotment of the CCDs shall be rounded up to the previous whole integer.
- 7.3. The CCDs to be issued to the Transferor Company shall be subject to the Memorandum and Articles of Association of the Transferee Company.



- 7.4. Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance with the provisions of Sections 42, 62 and 71 of the Act and the other relevant and applicable provisions of the Act for the issue and allotment of CCDs by the Transferee Company to the Transferor Company.
- 7.5. The approval of this Scheme by the shareholders of the Transferor Company and the Transferee Company under Sections 230 to Section 232 of the Act shall be deemed to have the approval under Sections 13, 14, 180 and 186 of the Act and other applicable provisions of the Act and any other consents and approvals required in this regard.

#### **8. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY**

On the Scheme becoming effective, with effect from the Appointed Date, the Transferor Company shall account for the transfer of the ATC business undertaking to the Transferee Company in its books as given below:

- 8.1. The Assets and Liabilities of the Transferor Company relating to the ATC business undertaking transferred to the Transferee Company shall be derecognized at their carrying amount from the Appointed Date.
- 8.2. The aggregate value of CCDs received as per clause 7.2 above shall be debited to "Investment in CCDs of LMW Aerospace Industries Limited" account.
- 8.3. To the extent that there are inter-company loans, advances, investments, deposits or other obligations as between the Transferor Company (pertaining to the ATC business undertaking) and the Transferee Company, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of account and records of the Transferor Company for the reduction of any such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, advances, deposits or balances, with effect from the Appointed Date.
- 8.4. Any difference between investment recorded as per clause 8.2 and the net assets transferred as per clause 8.1, after giving effect to the adjustment as per clause 8.3, shall be adjusted in Capital Reserve Account.



- 8.5. The Board may adopt any other accounting treatment which is in accordance with Indian Accounting Standards ('Ind-AS') notified under the Act.

**9. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY**

On the Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the transfer of the ATC business undertaking of the Transferor Company in its books in accordance with the 'Pooling of Interest Method' laid down by Appendix C - 'Business combinations of entities under common control' of Ind AS - 103 'Business Combinations' notified under the provisions of the Act, as under;

- 9.1. The Transferee Company shall, record all Assets and Liabilities of the ATC business undertaking of the Transferor Company vested in it pursuant to the Scheme, at the respective carrying values thereof and in the same form as appearing in the books of the Transferor Company;
- 9.2. The Transferee Company shall credit to the 'Compulsorily Convertible Debentures' account the aggregate face value of CCDs issued pursuant to clause 7.2 above.
- 9.3. To the extent that there are inter-company loans, advances, investments, deposits or other obligations as between the Transferor Company (pertaining to the ATC business undertaking) and the Transferee Company, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of any such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, advances, deposits or balances, with effect from the Appointed Date.
- 9.4. Difference, if any, of the value of CCDs issued as per clause 9.2 over the aggregate book value of net assets of ATC business undertaking as per clause 9.1 after giving effect to the adjustment as per clause 9.3 shall be adjusted in Capital Reserve account.
- 9.5. The Board may adopt any other accounting treatment which is in accordance with Indian Accounting Standards ('Ind-AS') notified under the Act.



## 10. EMPLOYEES

- 10.1. All employees of the Transferor Company engaged in or in relation to the ATC business undertaking who are in employment on the date immediately preceding the Effective Date, shall, on and from the Effective Date, become employees of the Transferee Company, without any break or interruption in their service and on the basis of continuity of service without any further act, instrument or deed. Further, the terms and conditions of their employment including Employee Stock Ownership Plan ("ESOP") granted by the Transferor Company to such employees, if any, with the Transferee Company shall be no less favourable than those on which they were engaged in the Transferor Company.
- 10.2. The Transferee Company agrees that the services of all the employees of the ATC business undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 10.3. The contributions, and all accretions thereto, in the Government provident fund account, gratuity fund and other benefit funds, if any, of which such employees are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities be transferred (in such proportion as is referable to the employees of the ATC business undertaking being transferred to the Transferee Company) to the relevant funds of the Transferee Company for the benefit of the employees of the ATC business undertaking on terms no less favourable. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds. In the event that the Transferee Company does not have its own fund in respect of any of the aforesaid matters, the Transferor Company may, subject to necessary approvals and permissions and recoveries, continue to contribute in respect of the employees engaged in the ATC business undertaking to the existing funds, until such time that the Transferee Company creates its own fund, at which time the investments and contributions pertaining to the employees of the ATC business undertaking shall be transferred to the funds created by the Transferee Company. In case, necessary approvals are not received and there is delay, all such



amounts shall continue to be administered by the Transferor Company in trust for the Transferee Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company *suo motu*.

- 10.4. Any disciplinary action or termination process initiated by the Transferor Company against any employee of the ATC business undertaking shall have full force, effect and continuity as if it was initiated by the Transferee Company instead of the Transferor Company.
- 10.5. The Board of Directors of the Transferor Company and the Transferee Company may consider and approve policies for inter-company transfers within the Companies of employees in the respective companies on such terms and conditions considered fit and appropriate subject to applicable laws.

## 11. LEGAL PROCEEDINGS

- 11.1. On and from the Appointed Date, all suits, claims, actions, show cause, inspections, regulatory and legal proceedings instituted and/or arising and/or pending by or against the Transferor Company in relation to the ATC business undertaking shall be continued and/or enforced until the Effective Date and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Transferee Company.
- 11.2. On and from the Appointed Date, if any proceedings are taken by or against the Transferor Company in relation to the ATC business undertaking, the Transferor Company shall till the Effective Date continue and/or defend the same at the cost of the Transferee Company, and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 11.3. The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 11.1 above transferred to its name on and after the Effective Date, to have the same continued, prosecuted and enforced by or against the Transferee Company as

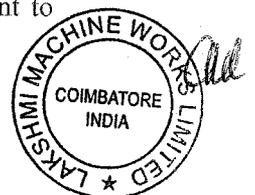
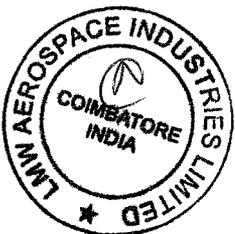


the case may be, to the exclusion of the Transferor Company.

- 11.4. Notwithstanding the above, in case the proceedings referred to in Clause 11.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Transferor Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 11.5. Any difference or difficulty as to whether any specific legal or other proceedings relates to the ATC business undertaking, shall be mutually decided between the Board of Directors of the Transferor Company and the Transferee Company and such mutual decision shall be conclusive and binding on the Companies.

## 12. TAXES

- 12.1. All Taxes paid or payable by the Transferor Company in respect of the operations and / or the profits of the ATC business undertaking on or after the Appointed Date, shall be on account of the Transferee Company and insofar as it relates to the Tax payment, whether by way of deduction at source or otherwise howsoever by the Transferor Company in respect of the profits or activities or operations of its business relating to the ATC business undertaking after the start of business on the Appointed Date, the same shall be deemed to be the corresponding item paid or payable by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 12.2. Any liabilities on account of any Taxes in relation to the ATC business undertaking and pertaining to the period prior to the Appointed Date, including all or any liability/refunds/credits/claims, shall be treated as liability/refund/credit/claims of the Transferor Company.
- 12.3. On the Scheme becoming effective, the Transferor Company and the Transferee Company may revise their respective returns pertaining to income tax, goods and services tax and other tax returns, if required, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.



12.4. The Transferor Company may be entitled to various incentive schemes and pursuant to the Scheme, it is declared that the benefits under all such schemes and policies pertaining to the ATC business undertaking shall stand transferred to and vested in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the ATC business undertaking, to the extent statutorily available, shall be claimed by the Transferee Company.

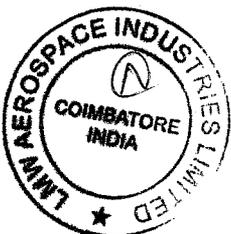
### 13. CONDUCT OF BUSINESS

13.1. With effect from the Board Approval Date and till the Effective Date, the Transferor Company hereby undertakes that it shall hold all the properties and assets of the ATC business undertaking with utmost prudence and that it shall carry on the business and activities of the ATC business undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business, undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment or alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof, in relation to the ATC business undertaking.

13.2. With effect from the Appointed Date and till the Effective Date, the Transferor Company shall:

13.2.1. Carry on and shall be deemed to have carried on all its business and operations relating to the ATC business undertaking as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the ATC business undertaking on account of, and for the benefit of, and in trust for, the Transferee Company.

13.2.2. All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) in relation to the ATC business undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Transferee Company.



13.2.3. Any of the rights, powers, authorities and privileges attached or related or pertaining exercised by or available in relation to the ATC business undertaking shall be deemed to have been exercised for and on behalf of and as an agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, relating or pertaining to the ATC business undertaking that have been undertaken or discharged shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Transferee Company.

#### 14. REMAINING BUSINESS

14.1. The Remaining Business of the Transferor Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company.

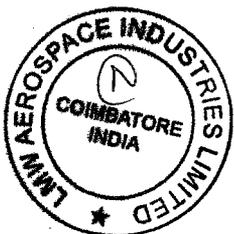
14.2. All legal and other proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the ATC business undertaking (including those relating to any property, right, power, liability, obligation or duty of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferee Company.

14.3. With effect from the Appointed Date and including the Effective Date –

14.3.1. The Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business for and on its own behalf;

14.3.2. All profit accruing to the Transferor Company thereon or losses arising or incurred by it relating to the Remaining Business shall, for all purposes, be treated as the profit, or losses of Transferor Company.

14.4. If proceedings are taken against the Transferee Company in respect of matters referred to in clause 14.3 above relating to the Remaining Business, it shall defend the same in accordance with the advice of the Transferor Company and at the cost of the Transferor Company, and the latter shall reimburse and indemnify the Transferee Company, against all liabilities and obligations incurred by the Transferee Company in respect thereof.



14.5. If proceedings are taken against the Transferor Company in respect of matters referred to in clause 14.2 above relating to the ATC business undertaking, it shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the latter shall reimburse and indemnify the Transferor Company, against all liabilities and obligations incurred by the Transferor Company in respect thereof.

## **15. SAVING OF CONCLUDED TRANSACTIONS**

15.1. Subject to the terms of this Scheme, the transfer and vesting of the ATC business undertaking under this Scheme shall not affect any transactions or proceedings already concluded before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company in relation to the ATC business undertaking as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

## **PART C**

### **GENERAL TERMS AND CONDITIONS**

## **16. APPLICATION TO THE NCLT**

16.1. Each of the Companies shall severally or jointly make the requisite company applications/ petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the NCLT for seeking sanction to the Scheme.

## **17. APPROVALS**

17.1. The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all regulators, agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and operate the ATC business undertaking to be transferred to them under this Scheme.



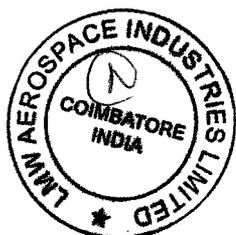
## 18. MODIFICATION OR AMENDMENT TO THE SCHEME

18.1. Each of the Companies (acting through their respective Board) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to the Scheme (including Clause 7 relating to the Consideration), in part or in whole, which the NCLT and/ or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out the Scheme, including any individual part thereof, or if the Board are of the view that the coming into effect of the Scheme, in part or in whole, in terms of the provisions of the Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board) be and are hereby authorized to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to the Scheme, in part or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of the NCLT or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of the Scheme and/ or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon the Scheme, or any individual part thereof, at any stage prior to the Effective Date.

## 19. CONDITIONALITY OF THE SCHEME

The coming into effect of this Scheme is conditional upon and subject to;

- 19.1. Obtaining no-objection letter from the Stock Exchanges by the Transferor Company in respect to the Scheme, pursuant to Regulation 37 of the SEBI (LODR) read with SEBI Circular;
- 19.2. This Scheme being approved by the respective requisite majorities of the classes of members and creditors (where applicable) of the Companies as required under the Act;
- 19.3. The certified copies of the order of the NCLT approving the Scheme being filed with the jurisdictional Registrar of Companies;



19.4. Such approval and sanctions of any Governmental Authority including as may be required under the Act and as may be directed by NCLT in respect of the Scheme being obtained;

## 20. REVOCATION/ WITHDRAWAL OF THE SCHEME

20.1. The Transferor Company and/ or the Transferee Company acting through their respective Board shall each be at liberty to withdraw the Scheme.

20.2. In the event of revocation under Clause 20.1 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se to the Companies or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with Applicable Law.

20.3. In the event of revocation under Clause 20.1 above, the Companies shall take all necessary steps to withdraw the Scheme from the NCLT and any other authority and to make all necessary filings/ application as may be required to withdraw the Scheme.

## 21. EFFECT OF NON-RECEIPT OF APPROVALS

21.1. In case the Scheme is not sanctioned by the NCLT or is not approved by SEBI or the Stock Exchanges, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied or for any other reason, if the Scheme cannot be implemented before 31<sup>st</sup> March, 2023, then, the Scheme shall become null and void, and the Transferor Company shall bear the entire cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

## 22. COSTS, CHARGES, EXPENSES

22.1. All costs, charges, and all expenses of the Transferor Company and the Transferee Company arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne and paid by the Transferor Company and the Transferee Company respectively.

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**Annexure – A**

<b>Sr. no.</b>	<b>Certification / License name</b>	<b>Purpose</b>	<b>Expiration Date</b>
1	AS9100D	QMS - Requirements for Aviation, Space and Defence Organisation	08/08/2023
2	ISO: 14001 : 2015 & 45001: 2018	Aerospace Components	31/12/2021
3	Nadcap	Chemical Processing	31/05/2022
4	Nadcap	Heat Treating	31/05/2021
5	Nadcap	Non Destructive Testing	31/10/2021
6	Nadcap	Welding	30/11/2021
7	Diesel generator Registration certificate	Statutory Requirement	01/03/2023
8	Fire License	Statutory Requirement	10/06/2021
9	TNPCB Consent	Statutory Requirement	30/11/2021
10	TNPCB Hazardous Waste authorization	Statutory Requirement	30/11/2021
11	Factory Running License	Statutory Requirement	31/12/2021



**Annexure – B**

**TERMS AND CONDITIONS FOR ISSUE OF COMPULSORILY CONVERTIBLE  
DEBENTURES (CCDs)**

<b>Issuer</b>	LMW Aerospace Industries Limited
<b>Nature of Instrument</b>	Compulsorily Convertible Debentures ('CCDs')
<b>Face Value</b>	INR 1,00,000/- debenture (Rupees One Lakh Only)
<b>Term</b>	10 (Ten) years from the date of allotment which may be extended with the prior written approval of the holders of the CCDs
<b>Coupon Rate</b>	Nil
<b>Conversion</b>	<ul style="list-style-type: none"><li>• CCDs shall be convertible into Equity Shares at the option of the Issuer of CCDs anytime during the Term of the CCDs</li><li>• Ratio of Conversion of CCDs shall be 10,000:1 i.e. 10,000 equity shares of INR 10/- each of the Issuer shall be allotted for every 1 CCD held</li></ul>
<b>Security</b>	The CCDs shall be unsecured in nature
<b>Amendment</b>	Subject to applicable Law, the rights, privileges and conditions attached to CCDs may be varied, modified or abrogated only with the prior written consent of the holder of CCDs



**// CERTIFIED TRUE COPY //**  
For LMW AEROSPACE INDUSTRIES LIMITED

*B. Dhanalakshmi*

**B. Dhanalakshmi  
Director**



**/ CERTIFIED TRUE COPY /**  
For LAKSHMI MACHINE WORKS LIMITED

*C R Shivkumar*

**C R SHIVKUMARAN  
Company Secretary**